

Geographic Area Rate Caps (GARCs)

Wetlands Reserve Program
Easement Compensation Values

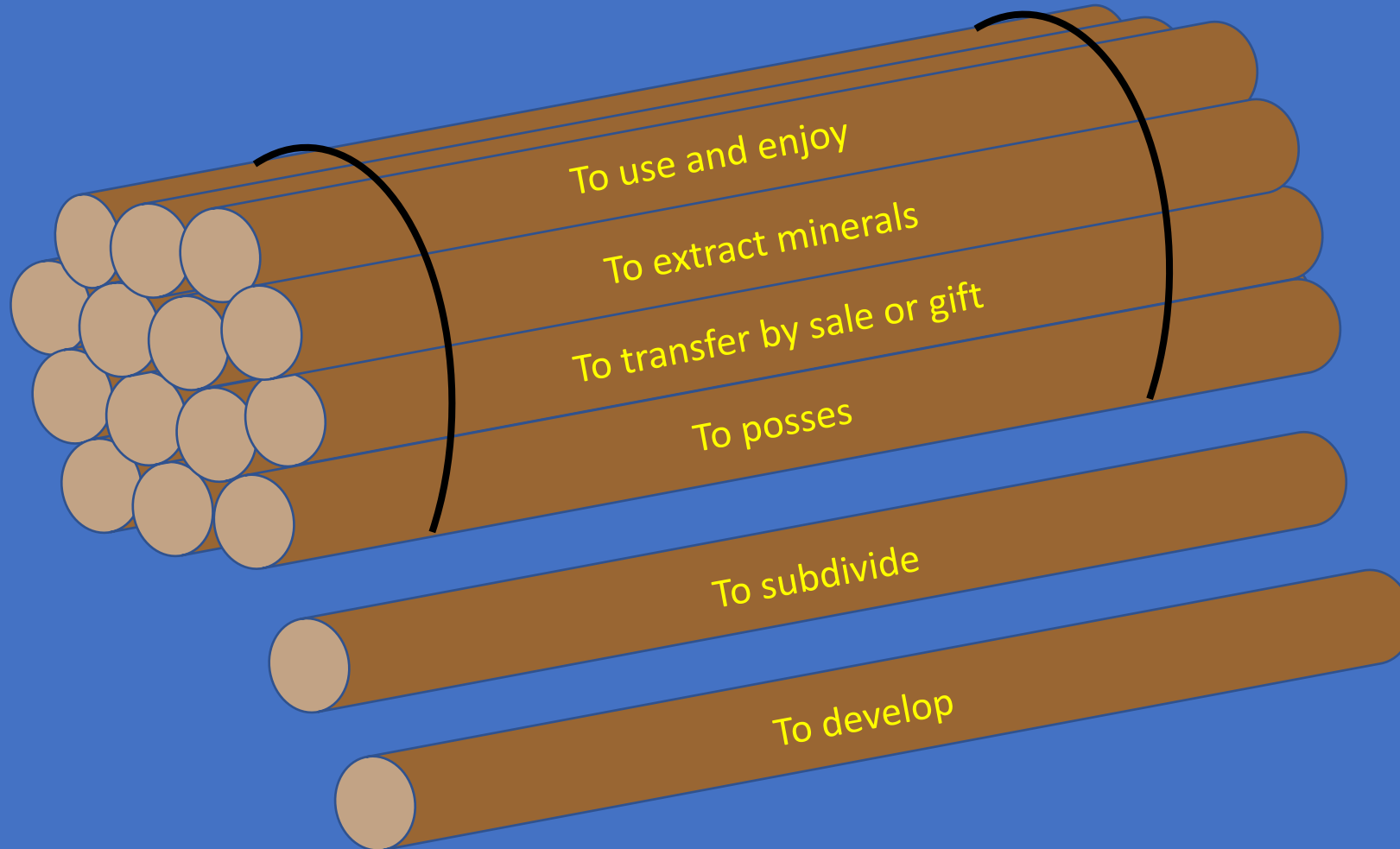
Agricultural Conservation Easement Program (ACEP)

- Wetland Reserve Easements (WRE) – to protect, restore, and enhance wetlands on their property
- Agricultural Land Easements (ALE) – to protect, restore, and enhance wetlands, grasslands, and working farms and ranches through conservation easements

Easement Defined

- Easement – the right of use over the property of another
- Under ACEP, NRCS purchases, or helps another entity purchase, certain development and use rights of a property.

Property Rights



Agricultural Conservation Easement Program (ACEP)

- Under a permanent easement option, NRCS purchases the development rights to the property.

Permanent Easement =
conservation in perpetuity

Permanent Easement

The easement payment will be the lesser of:

- 1) the fair market value of the land determined by a Uniform Standards of Professional Appraisal Practice (USPAP) appraisal
- OR
- 2) area wide market analysis, an established payment cap, or an amount offered by the landowner.

In addition to paying for the easement, USDA pays 100 % of the costs of restoring the wetland.

ACEP Costs

- Under ALE, the landowner is being compensated for the difference between the price of the land before the easement and after the easement.
- All agricultural rights and most use rights stay with the landowner.

ACEP Costs

- Under WRE, the landowner is only retaining the right to quiet enjoyment and non-impact recreation.
- All agricultural and development rights are forfeited.

ACEP Costs

The landowner still reserves certain land use rights; therefore, the easement price will always be less than the full, fair-market value (FMV) of the land.

ACEP Costs

It is not practicable for Alaska to do an Area Wide Market Analysis:

- No neighboring states for comparison
- Wide variations in land prices

ACEP Costs

Alaska NRCS obtains USPAP appraisals on a case-by-case basis to determine FMV for the easement applications tentatively selected for funding.

ACEP-WRE Costs

NRCS sets a Geographic Area Rate Cap (GARC) as a ratio of the FMV appraisal, with a not-to-exceed (NTE) cost per acre for Wetland Reserve Easements.

The per-acre cap provides market certainty for United States taxpayers.

ACEP-WRE Costs

- The current Alaska GARC ratio is set at 80% FMV
- The current NTE cap is set at \$5,000

ACEP-WRE Costs

WRE purchase offers are the lesser of three values:

1. \$5,000 cap per acre;
2. 80% FMV; or
3. Landowner offer (rarely happens anywhere).

ACEP-WRE Costs

- Until last year, Alaska NRCS had no WRE applications for a GARC dataset.
- The current WRE application 80% FMV appraisal was returned at \$5,158 per acre.